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SUBJECT: A NEW ERA FOR MONACO?

Summary: Shortly before his enthronement on November 17, Prince Albert II of Monaco signed a new bilateral convention with President Jacques Chirac. This new treaty will permit more efficient legal, financial and administrative cooperation between the two countries and will also clear up ambiguities about the sovereignty of the Principality. One result will be that Monaco will now accredit Ambassadors. Heir of one of Europe's longest reigning royal families which traces its origins back to the 12th century, Prince Albert intends to focus his modernizing efforts on transforming Monaco into a major banking center while combating money-laundering. End Summary.

1. Prince Albert II of Monaco was officially enthroned on November 17 and the several days of festivities that followed coincided with Monaco's National day. Prince Albert assumed royal powers upon his father's death in April and was sworn in as Monaco's head of state on July 12. The solemn investiture ceremony of November 17 completed the formal process of succession. Albert is a resolutely modern prince who is focused on the future of his tiny principality (which is smaller than New York's Central Park). If he shares his father's vision for the future of Monaco, he plans on ruling his country more like a manager and will be less conservative. Prince Albert wants to give a modern image of Monaco as a "model country" involved in environmental protection and sustainable development. Another of his priorities will be to fight against Monaco's reputation as a money-laundering country and non-cooperative tax haven. Since his ascension to the throne in July, Prince Albert has almost totally restructured his cabinet and gave key positions to men of his age, some of whom are childhood friends. Jean-Luc Allavena, a brilliant businessman, recently became his director of cabinet, and Franck Biancheri, Finance Minister, became ambassador plenipotentiary (i.e., the number two government official) on November 10. Colonel Serge Lamblin, the Chamberlain, is also being moved aside for newer blood.

2. The enthronement was preceded by the signature, on November 8, of a new convention between France and Monaco. For his first official visit to France as Monaco's head of state, Prince Albert met with President Jacques Chirac to sign a revised version of the 1930 bilateral Franco-Monegasque convention. After a private meeting during which the two men discussed environmental issues and global warming, they ratified three agreements which provide for greater cooperation on administrative, judicial, and financial legislation. This historic treaty will allow Monaco to recover full sovereignty and will also call for more balanced bilateral relations between the two countries.

3. These new agreements will deeply transform the Monegasque administration as they will allow Monaco to reaffirm its independence from France, particularly in the civil service. Before the ratification of the new convention, important government positions in Monaco could only be held by French citizens. Now they will be held by Monegasques who will be appointed by the Prince. The Prince will be able to choose his own Minister of State--the de facto Prime Minister--instead of approving a French government official. These agreements will also permit the Monegasques to have access to any position in the French civil service. Moreover, they will increase Monaco's ability to conduct its own foreign relations, i.e., other countries will be free to open embassies in the Principality, as will soon be the case for France. Monaco will then accredit ambassadors instead of consuls.

4. Judicial cooperation will be more in accordance with European standards. Joint investigation teams, videoconference hearings, transfers of prisoners and the speeding up of warrants for arrests procedures will constitute the basis of new judicial and penal cooperation.

5. As for financial cooperation, all Monegasque banking centers will offer the same guarantees to their investors as in any other European country. This means that these credit institutions will follow the same European laws, which implies the end of bank secrecy and greater financial openness.

6. Prince Rainier, known as "the builder Prince", was credited with transforming Monaco into an international tourist, banking and business services center during 56 years of rule. Under his reign, the economy of the Principality greatly expanded. With

more than 60 banks and financial institutions that administer 65 billion euros in assets, Monaco is a financial center that cannot be ignored. However, its reputation as a tax haven is a serious obstacle for Prince Albert who has expressed a commitment to financial ethics and openness as one of the themes for his new reign. As his new Finance Minister Franck Biancheri recently said, "We have done what was necessary to make Monaco one of the most important international financial centers."

17. Comment: Prince Albert, who is half-American by his mother, Princess Grace Kelly, seems to be putting the management expertise he learned in the U.S. to use in a deliberate but committed fashion as he completes the process of taking power. Although until accredited CG Marseille can only observe events from afar, it is clear that the Prince has a plan, and his early steps have been sure-footed. Once accredited, CG Marseille will seek further details on what the "manager Prince" has in store for Monaco. End Comment.
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